



September 13, 2002

Department of the Interior
Minerals Management Service
Mail Stop 4024
381 Elden Street
Herndon, VA 20170-4817

Sent via email: rules.comments@mms.gov

Attn: Rules Processing Team

RE: **AC-81 G&G** - Proposed rule to modify start date for the 50-year proprietary term for geophysical data and the start date for the 25-year proprietary term for geophysical information that MMS acquires pursuant to a permit issued under 30 CFR part 251

The intent of this rule has been published as “to alleviate administrative record keeping burdens”, however, the passage of this rule will have a major impact on geophysical companies, oil and gas exploration entities, and ultimately the MMS.

If we take a brief look at the history of seismic acquisition in the GOM, we have moved from costly ‘proprietary data’ acquired for a limited number of major O&G entities to ‘multi-client data’ acquired at a financial risk by the geophysical companies and made available to small, medium and major O&G entities. The willingness of geophysical contractors to assume a large portion of the up-front financial burden of ‘multi-client data’ acquisition and processing has proven to be a major factor in the creation of a competitive O&G exploration industry in the GOM.

PGS, in addition to other geophysical companies, has invested millions of dollars annually on the development of new technologies to improve seismic acquisition techniques and processing techniques to ensure exploration entities have the best exploration tools needed to discover and produce hydrocarbons in the Gulf of Mexico in an efficient, environmentally safe manner. The proprietary shelf life and licensing costs of the data directly relate to the amount of dollars invested on such development research and the final reprocessed information.

The proposed change of retro-actively changing the start date of ‘geophysical information’ to the permit date will cause the proprietary shelf life of many of these datasets to be shortened by as much as 10 or more years. In the case of PGS, new processing techniques are being applied to data permitted since the early 1990’s and the change in the 25-year proprietary period will eliminate the possibility of recouping costs. PGS and all geophysical companies will be forced to increase pricing in an effort to recover from such losses, thereby severely limiting the ability for small to medium Exploration firms to afford seismic licenses and exploration in the GOM.

Geophysical companies will be forced to re-evaluate their abilities to continue expensive research on a multi-client basis and revert back to expensive ‘proprietary datasets’. Competition and exploration in the GOM will be limited to the few majors, eliminating small to medium exploration entities, eliminating a large portion of the MMS leases in the GOM, and eliminating even more geophysical companies.

While we can sympathize with the need for a more efficient ‘recordkeeping method’, it is imperative that alternate methods be researched. We would suggest discussions on alternative solutions such as:

- ◆ Data owner/product creator make application to the MMS, such application date serving as the “start date” of the 25 year proprietary term, to include:
 - Identification of geophysical information, i.e. area, product type and name
 - Identification of original permit date. This could include multiple dates, as the volume of acquisition may not have occurred as proposed under the original permit.
 - Identification of date of completion of processing or reprocessing of the geophysical information.
 - Other considerations:
 - Allow a minimum of one year from adoption of rule for applications to contain multiple sets of geophysical information. Thereafter, applications would be made only for simple sets of geophysical information.
 - Allow for a grace period, minimum of one year, from the date this ruling becomes final or one year from the date of completion of processing/reprocessing for data owners/creators of value added products to submit applications for said 25-Year Confidentiality Period.
- ◆ Eliminate the two-step proprietary period of ‘geophysical data’ (50-years) and ‘geophysical information’ (25-years) by standardizing all to a 50-year period.

We ask the MMS to extend the timing on this decision in order that fact-finding meetings can be conducted to explore alternatives with the IAGC and other representatives of the geophysical contractors. We trust this process could be completed on a timely basis to allow for an economically feasible solution.

The domino effect of this rules proposal will affect the survival of numerous seismic geophysical contractors/processors as well as oil and gas exploration entities. We respectfully request that the MMS reconsider said proposal and ask that the MMS meet with the IAGC membership to modify this proposal in a manner that will allow the MMS to achieve its recordkeeping goals while not destroying the existence of the geophysical contractor and Gulf of Mexico exploration.

Sincerely,

J. Mark Wilkinson, President
PGS Exploration NSA